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MEMORANDUM

TO: Area Directors
Area Finance Officers

FROM: Leza Wainwright Leza Wainwright
Team Leader, Budget & Finance

SUBJECT: Year-End Payments

DATE: July 11, 2003

The final rush of making payments at the fiscal year end has now passed. I apologize that we did not better communicate our plans for making year-end payments in June, but everyone was concentrating on actually getting the funds out to the Area Programs and communication went lacking. I trust you will agree that making the payments was the proper priority. However, now that the year is over, we want to let you know how some of the payment decisions were made.

Our primary emphasis in making year-end payments was State funds since, unlike federal awards, they revert at the end of the fiscal year. In doing so, we tried to identify objective bases for paying the maximum amount of State funds. Outlined below is a brief description of the bases we used. Also, attached is a worksheet prepared by the Controller's Office that details the payments made to each Area Program in June. The descriptions below reference the brief notation in the "Pmt Description" column of those spreadsheets.

- Transitional Non-Covered Populations (TNC) – For SFY 2003 services to non-target population clients were eligible for funding (as they will be in SFY 2004). IPRS tracks the cost of services to clients that do not meet Target Population criteria, though the system does not make payment for services to such clients. A report was generated from IPRS in May computing the value of services that had been rendered to TNC clients and payment was issued for the lesser of that amount or the remaining budget. [On the schedule as "SFY03 TNC".]

- Substance Abuse Prevention Services – Services delivered as "consultation, education and primary prevention" (YP110) have always been recorded using a "dummy" client ID. Unfortunately, when more than one claim for the service is billed through IPRS for the same "dummy client" on the same day, IPRS identifies all claims after the first one as duplicates and does not pay. A report was generated through the system for the value of all claims denied for this reason and payment was issued for the lesser of that amount or the available budget. [Noted as "FY03 SA Prev".]

- Excess Pioneer Earnings – Area Programs that converted to IPRS in SFY 03 sometime after July 1, 2002 reported earnings for some part of the year to the old Pioneer UCR system. When the Area Program converted to IPRS the budget that was loaded into IPRS represented 1/12th of the total allocation multiplied by the number of months left in the year. In some cases, Area Programs may have already earned a substantially higher percentage of their allocation in the Pioneer system. We computed the excess value of Pioneer earnings in each age/disability category for area programs in this situation that had not earned all of their allocated funds through IPRS and issued payment for the additional earnings, up to the level of the available budget. [Noted as "SFY03 UCR Excess."]

- Emergency Services – Emergency Services are paid in units representing 1/12th of the allocation each month. We determined the number of units of Emergency Services for which each area program had not been paid and issued payment in June. [Noted as "SFY 03 Emerg Servcs"]

- Funds for May and June Claims – Area Programs that converted to IPRS this year were able to bill for services through April. As you know, as part of IPRS hold harmless provisions, the value of services in May and June will count in both SFY 2003 and SFY 2004. Therefore, in SFY 2004 the area programs will be paid for 12 months of service, the period May through April. However, for SFY 2003 the total reported billings are two months short. In some cases this caused Area Programs to have unpaid balances in some accounts. For the State fund accounts we manually estimated the average value of two months of services and issued payment for the lesser of that amount or the balance in the account. [These payments are noted as "UCR May 03," "UCR June 30," "TS 05-06" (for MR/MI funds) and "WM 05-06" (for CTSP funds).]

- June Programming Errors - A programming change to the Medicaid Management Information System (MMIS) in mid-June to address some HIPAA issues had unintended consequences in IPRS. As a result of the system change, the client IDs were dropped from some claims and the edit that notes that a client has reached age 18 and is no longer in the child target population group was changed so that clients that were not yet 18 were dropped. The first problem impacted 20 area programs and the second impacted all programs on IPRS. The problem surfaced so late in June that the claims could not be re-run, so we computed the value of the denied claims and issued payment up to the level of the value or the remaining State allocation in each area program, whichever was less. The payment was made out of any account that had remaining State funds, regardless of population group. We did not make payment from federal funding sources due to potential audit and cash management programs. These payments are noted as "June 03 Denials."

  NOTE: Because of the unique nature of this problem, we will take the following actions in July or August 2003 to clean-up and reconcile the payments that were made:

  a. The denied claims data will be rerun – not for payment – but for the purpose of determining the allowable claim amounts by pop group.
  b. This information will be compared to payments actually made to area programs and any settlements will be handled at that time, well in advance of the regular TSR process.
  c. If the Division owes area programs additional funds, we will pay those amounts as quickly as possible (the status of the State having an adopted budget could impact how quickly we can move on this). If additional funds are owed to area programs in this settlement, we will treat that as a prior year payment and it will NOT reduce your SFY 04 continuation funds. The Division's settlement payment to area programs will be in addition to your regular allocation since the billings were submitted in SFY 03 and should have been paid at that time.

d. If area programs owe the Division funds back, we will recoup those during this reconciliation process. It has not been determined yet whether such recoupment would be by withholding for other payments due to the area program or by billing area programs.

e. It is important to remember that not every claim that denied was necessarily an improperly denied claim. This was not taken into account in our efforts to issue the final payments but it must be addressed in this settlement process.

The attached spreadsheets detail all transactions in June, so they also include some items that are routine and did not relate to special year-end processing. They include items such as billings for deaf interpreter services, forensic screenings, Olmstead, etc. and reclassifications to correct coding. The reclassifications are always credits and debits in equal amounts.

I hope this information is helpful. I wish to express my appreciation to the staff in the Controller's Office, Division Budget and Finance Team, and Division Information Services Team who worked so hard in June to get these payments computed and disbursed.

Enclosure

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